GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA

STARRED QUESTION NO:331
ANSWERED ON:16.04.2002
DISINVESTMENT OF IBP AND VSNL
DALPAT SINGH PARASTE;PATY RIPPLE KYNDIAH

Will the Minister of DISINVESTMENT be pleased to state:

(a) whether the Government have recently finalised the sale of IBP Co. Limited to Indian Oil Corporation and disinvestment of VSNL;

(b) if so, the details in this regard;

(c) the reserved price fixed for the disinvestment of IBP Co. Limited and Videsh Sanchar Nigam Limited;

(d) the manner in which the evaluation of their shares has been done;

(e) whether the Department has undertaken any study on the cornering of IBP shares by major investors, group of investors, just before the Cabinet decision regarding disinvestment of IBP; and

(f) if so, the details thereof alongwith the share holding pattern of IBP shareholders having more than 10,000 shares?

Answer

MINISTER OF DISINVESTMENT AND MINISTER OF DEVELOPMENT OF NORTH-EASTERN REGION (SHRI ARUN SHOURIE)

(a) & (b) The Government sold 33.58% of the equity of IBP Co. Limited to Indian Oil Corporation Ltd. for Rs.1153.68 crore i.e. Rs.1551 per share of Rs.10 (par value). Government also sold 25% of the equity of Videsh Sanchar Nigam Limited to Panatone Finvest Ltd. (a Tata group company) for Rs.1439.25 crore i.e. Rs.202 per share of Rs.10 (par value).

(c) & (d) The reserve price for IBP Co. was fixed at Rs.377 crore for 33.58% of the equity of the company, which worked out to Rs.507 per share of Rs.10 (par value) In the case of VSNL, the reserve price was fixed at Rs.1218.375 crore for 25% of the equity of VSNL which worked out to Rs.171 per equity share of Rs.10 (par value). The shares of IBP were evaluated by the HSBC Capital Markets (India) Pvt. Ltd., the Advisor to Government appointed through open competitive bidding.The shares of the VSNL were valued by SBI Capital Markets Ltd., the Advisor to Government appointed through open competitive bidding.Both the Advisors valued the shares under the generally accepted methods like, Discounted Cash Flow Method, Balance Sheet Method, Asset Valuation Method, etc.The reports of the Advisors were considered by the Government at different levels through an Evaluation Committee, Inter-Ministerial Group, etc. and finally, the aforesaid reserve prices were fixed by the Government.

(e) No, Sir.

(f) Does not arise.